

16 A  
**REPORT**

**OF THE COMMITTEE ON**

**BANKS,**

**In the House of Representatives of**

**PENNSYLVANIA,**

In pursuance of a resolution instructing them to present to the House, a detailed report on the currency of Pennsylvania, with their opinions of the expediency of increasing the number of banks and banking capital in the state, and the probable effect upon the currency that will be produced by a dissolution of the Bank of the United States, should that institution not be re-chartered.

---

READ, JANUARY 31, 1833.

---

.....  
**Mr. Leaming, Chairman.**  
.....

**HARRISBURG:**

PRINTED BY HENRY WELSH.

.....  
1833.

The first of the new year was a fine day, with a light  
 breeze from the north, and a few clouds in the sky.  
 The temperature was in the 40's, and the ground was  
 covered with a thin layer of snow. The children  
 were very happy, and went out to play in the  
 snow. They built a snowman, and had a great  
 time. The day was very pleasant, and the  
 children enjoyed it very much.

The second day was also a fine day, with a  
 light breeze from the north, and a few clouds  
 in the sky. The temperature was in the 40's,  
 and the ground was covered with a thin layer  
 of snow. The children were very happy, and  
 went out to play in the snow. They built a  
 snowman, and had a great time. The day was  
 very pleasant, and the children enjoyed it very  
 much.

The third day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The fourth day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The fifth day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The sixth day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The seventh day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The eighth day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The ninth day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.

The tenth day was a fine day, with a light  
 breeze from the north, and a few clouds in the  
 sky. The temperature was in the 40's, and the  
 ground was covered with a thin layer of snow.  
 The children were very happy, and went out to  
 play in the snow. They built a snowman, and  
 had a great time. The day was very pleasant,  
 and the children enjoyed it very much.



## **REPORT, &c.**

---

The committee on banks, to whom was referred, on the 15th instant, the resolution “instructing them to present to the House a detailed report of the currency of Pennsylvania, with their opinions of the expediency or in expediency of increasing the number of banks and banking capital in the state, and the probable effect upon the currency that will be produced by a dissolution of the Bank of the United States, should that institution not be re-chartered,” REPORT:

That in conformity to their instructions, they will here present the result of their inquiries in relation to the several points submitted to their consideration, comprehending *the present state of the currency, the influence upon it should the number of banks be increased, and the effect upon it should the present Bank of the United States be dissolved.*

1. In regard to *the present condition of the currency*, the committee do not hesitate to congratulate the commonwealth on the possession of a currency, which unites all the requisites of a perfect circulating medium, consisting entirely of the precious metals; and bank notes convertible into them.

The first are widely diffused and abundant in all parts of the state; the prohibition by the Legislature, of all notes under five dollars, having had the natural effect of filling with specie all the small channels of circulation, so that the committee believe that there is, at this moment, in circulation, far more specie in Pennsylvania, than in any other state of the Union.

The notes in circulation are not now too numerous; they are readily converted into specie, and they contribute to make the internal exchanges between the different parts of the commonwealth, with probably less risk and expense, than those of any other country of equal extent in any part of Europe.

The exact amount of the specie in circulation, it is impossible to estimate. The proportion of the specie in the vaults of the banks, to the notes issued by them, will be seen by the following statement, which the committee have compiled from the last report of the Auditor General, with the addition of a similar statement of the Bank of the United States.



From these documents, it appears, that the amount of notes now in circulation from the banks in Pennsylvania, and from the Bank of the United States within our limits, are as follows:

	Capital.	Notes.	Specie.
City,	\$10,720,115	\$4,639,344 12	\$2,023,435 74
Country,	3,795,253 84	4,598,160 99	930,611 70
	<hr/> 14,515,368 84	<hr/> 9,237,505 11	<hr/> 2,954,047 44
The Bank U. S. at Pittsburg and Philadelphia,		1,687,297	2,311,618
		<hr/> \$10,924,862 11	<hr/> \$5,265,665 44

The knowledge of these facts, leads to the second subject of inquiry, *the expediency of increasing the number of banks*. On this subject, the committee think that the safest guide is experience, and that the history of the currency of Pennsylvania furnishes the best answer to the question. The currency of Pennsylvania, as we all know, became degenerated and depreciated by the multiplication of banks, but it was subsequently restored by the diminution of them. In the year 1811, when Congress refused to recharter the old Bank of the United States, Pennsylvania was tempted, (as other states also were) by the belief that it was necessary, to supply the place of that institution by establishing a number of banks.

By the following statement, derived from authentic sources, the situation of the currency of the United States, previous and subsequent to the war, will be seen:

	Capital.	Notes.	Specie.
The 1st Jan. 1811, the bank of the U. S. had,	\$10,000,000	\$5,400,000	\$5,880,000
At same time 84 state b'ks.	42,510,000	22,600,000	9,120,000
Total in 1811,	<hr/> \$52,510,000	<hr/> \$28,000,000	<hr/> \$15,000,000
In 1815, 221 state banks,	\$82,620,000	\$44,700,000	\$17,000,000
In 1816, 242 do	90,800,000	66,500,000	19,000,000
In 1820, 301 do	\$98,207,763	\$39,558,870	\$16,176,651
do U. S. Bank,	35,000,000	4,221,770	3,147,977
Total in 1820,	<hr/> \$133,267,763	<hr/> \$43,780,640	<hr/> \$19,324,628

From the foregoing, it appears that the amount of notes in circulation, in 1820, was only one million less than immediately before the suspension of specie payments; whilst on the other hand, the amount of specie in the vaults of the banks was nearly two millions greater. It will be remarked, that in January, 1816, the paper currency amounted to nearly sixty-seven millions, and in January, 1820, to only forty-four millions. So great a reduction of the issues of the banks, could not have been effected without a



corresponding diminution of their discounts; and, therefore, the distress which occurred at that time, may be fairly traced to the excessive number of state banks subsequent to the dissolution of the first Bank of the United States, and to their improvident issues. Those of the country banks of Pennsylvania amounted, in November, 1816, to four millions seven hundred and fifty six thousand, six hundred and forty dollars, and had been reduced in November, 1819, to one million, three hundred and eighteen thousand, nine hundred and seventy six dollars. The disastrous effects of that policy which carried ruin into every part of this commonwealth, are familiar to us all. Those effects were fully and justly described, in a report of a committee of the Senate in 1820, from which it will be sufficient for the present purpose, to extract the following passages:

“Ruinous sacrifices of landed property were made at Sheriff’s sales, whereby, in many cases, lands and houses have been sold at less than a half, or a third, or a fourth of their former value; thereby depriving of their homes, and of the fruits of laborious years, a vast number of our industrious farmers, some of whom have been driven to seek, in the uncultivated forests of the west, that shelter of which they had been deprived in their native state. Forced sales of merchandise, household goods, farming stock and utensils, at prices far below the cost of production, by which numerous families have been deprived of the common necessities of life, and of the implements of their trade.”

And again: “At the following session, the subject (the banks) was renewed with increased ardour, and a bill authorising the incorporation of forty-one banking institutions, with capitals amounting to upwards of seventeen millions of dollars, was passed by a large majority. This bill was also returned by the Governor with additional objections, but two-thirds of both houses (many members of which were pledged to their constituents to that effect,) agreeing on its passage, it became a law on the 21st March, 1814; and thus was inflicted upon the commonwealth, an evil of a more disastrous nature than has ever been experienced by its citizens. Under this law, thirty-seven banks went into operation, four of which were established in Philadelphia.”

And here the committee would embrace the opportunity of directing the particular attention of this House, to the careful perusal and diligent study of the excellent messages of Governor Snyder to the Legislature on this all-important subject, in the years 1812-3 and 1813-14, which are appended to this report. Those documents contain, as it were, prophecies of events then unborn, but which to us now are matters of history, and of a history written in the tears and sufferings of some of the most worthy citizens of this commonwealth. And as history has been justly defined “to be philosophy teaching by example,” may we not justly hope that its lessons may be eagerly conned, and its precepts imbibed to direct



us in a crisis which assimilates itself so closely to the epoch of those messages.

This state of things continued, and its difficulties appeared to be entirely beyond the power of the Legislature to remedy, when, by the wisdom of Congress, the present bank of the United States was established. That institution, by restoring specie payments, brought the banks of this state, as well as those of all the other states, back to the true standard of coin. In that condition it now continues, and a most important question is here presented for consideration and decision—*how the currency can be best preserved in that condition?* To the committee it appears manifest, that as a recurrence to the same causes would produce similar results, the multiplication of new banks would tend naturally and inevitably to bring back the disasters from which the commonwealth has been recently and happily extricated. It will be seen by the statements exhibited, that the banks of the interior, great in number, but with small capitals, have issued an amount of notes very disproportionate to their capitals, and of course present far less security to the public than do the city banks with large capitals. Thus, while the city banks, with a capital of ten millions seven hundred and twenty thousand dollars, have issued notes to the amount of not half of their capitals, say four millions six hundred thousand dollars, and have specie to the amount of nearly half their issues, say two millions thirty four thousand dollars, the country banks, with a capital of only three millions seven hundred thousand dollars, have issued notes to more than the amount of their whole capitals, say four millions five hundred and ninety eight thousand dollars, with specie in their vaults not equal to more than one-fifth of their issues. The multiplication of small banks would lead still more to increase the disproportion of issues, because, as the expenses of a bank with a small capital are nearly as great as those of a larger one, there is a constant necessity and a constant stimulus to do a large business in proportion to the capital, in order to cover the expenses, and thus, of course, to increase its issues beyond its means. The situation of the three banks in the county, close to and adjoining Philadelphia, fully corroborates these remarks.

	<i>Capitals.</i>	<i>Notes.</i>	<i>Specie.</i>
The Northern Liberty Bank	\$200,000	\$350,580	\$114,953
The Penn Township Bank	150,000	372,825	44,104
The Kensington Bank	125,000	152,345	62,247
	<hr/>	<hr/>	<hr/>
	\$475,000	\$875,750	\$231,304

The aggregate of capital in these banks, it will be observed, is four hundred and seventy-five thousand dollars, while the issues are eight hundred and seventy-five thousand seven hundred and fifty dollars, and the specie is two hundred and twenty-one thou-



sand three hundred and four dollars; the issues are double the amount of capital, and the specie only one fourth the amount of their issues. From the very peculiar circumstances of the banking capital of the city of Philadelphia, a small proportionate increase of it, instead of being injurious, may be attended with advantages to the community, if that increase be made according to the suggestions herewith offered by the committee. A comparison of the amount of banking capital in the other large cities of the Union, will show that of Philadelphia to be much less in proportion to her wealth, business and population, than any other in the Union.

Boston has, in banking capital,	\$16,127,000
New York, do	18,980,000
Baltimore, do	11,000,000
Philadelphia city and county,	11,397,890

The state of trade and manufactures, population and banking capital of the city of Pittsburg, our state's western metropolis, demand from us at this time particular attention, in reference to the application for another bank.

About eight thousand wagons arrive there annually from Philadelphia, laden with merchandize, the value of which it is impossible to estimate correctly, but it is supposed by intelligent residents there, to amount to at least twenty millions of dollars. The carriage of this merchandize is always paid in Pittsburg, and amounts on an annual average to at least twelve hundred thousand dollars.

The value of the manufactures of the county of Allegheny in 1831, was estimated at three millions and an half of dollars, and has since very greatly increased and is continually increasing. The population of this city, its suburbs and vicinity in 1810, was five thousand, in 1820 it was about eight thousand, and now it amounts to nearly twenty-eight thousand.

There are now only two banking institutions in this city, viz: the Bank of Pittsburg and the Branch Bank of the United States. The capital of the first is three hundred and forty-seven thousand three hundred and fifty-five dollars, and the latter, seven hundred and fifty thousand dollars. The amount of collections for the use of the business men of that place during the past year, it is said by well informed persons, was upwards of three millions of dollars. The exchange operations of the Branch Bank for the year ending 30th June, 1831, were for bills purchased,

\$989,834 33  
1,077,028 10

Making a total of

\$2,066,862 43

Notwithstanding the vast increase of trade, manufactures and population, there has been no increase of banking capital in Pittsburg for seventeen years!

The committee, therefore, give it as the result of their deliberate judgment, that the Legislature should be extremely cautious, at this time, in increasing the number of banks; that our true policy



rs, to wait patiently the decision of the question in regard to the rechartering of the Bank of the United States, and should that institution not be rechartered by the general government, it may then be a subject for consideration, whether a charter shall not be granted to it under the authority of this commonwealth, or in the event of its dissolution, whether our true policy will not dictate not to increase the number of our banks, but to increase the capitals of the banks now in existence, as best calculated to afford security to the public.

These reflections lead to the third duty of the committee, *the examination of the effects of the dissolution of the Bank of the United States*. Of that event, the effects cannot fail to be extremely inconvenient and disastrous to the whole community, but particularly to Pennsylvania, the centre of all its operations, and the immediate witness of its benefits. After the ample discussion which the subject has undergone for some years past, and the severe ordeal to which the institution has been subjected, there is probably no man of common intelligence in the United States who does not know that the financial disasters of the late war were mainly occasioned by the dissolution of the old Bank of the U. States;—that the multiplication of banks to supply its place proved more disastrous than the war itself;—that those banks involved the currency of the country in a state of hopeless confusion, to correct which, the general government was obliged to interfere and establish the present bank;—that the bank has completely purified the currency throughout the Union, has brought the system of internal exchanges to a perfection superior to what exists in any other country, and is the only control over the state banks, and of course the only real protection of the people from the excesses of those banks; and finally, that this bank is in the highest degree *strong and prosperous*, with a capital of thirty-five millions, with notes issued to the amount of half its capital, and specie in its vaults to the amount of nine millions. The destruction of such an institution, established for the accomplishment of certain objects, which it has effected beyond the most sanguine anticipations of its friends, seems scarcely to be expected; but if it does take place, we think it cannot fail to deliver the monied concerns of the Union into the hands of several hundred unconnected irresponsible banks, to throw back the currency into confusion, to be speedily followed by the suspension of specie payments, and to revive the system of fluctuating and depreciated paper currency, which once nearly destroyed the prosperity of this commonwealth.

It is this uncertainty in the value of every man's property, this insecurity in the reward of every man's labour, which is to be deplored and, if possible, averted. The Bank of the United States, it is believed, occupies the same position in relation to the state banks, which the government of the United States maintains to the state governments; and the destruction of the bank would, in fact, be again what it was during the late war, a dissolution of the mo-



nied union of the country. Already the mere expectation of such an event is beginning to be felt in the pecuniary concerns of the commonwealth. This state now owes more than seventeen millions of debt, of which it is believed more than half is owned by foreigners, who have thus invested their money in our stock on very favourable terms for us, and have thus enabled us to carry on our improvements. But there is much reason to fear that an alarm already excited among these foreigners, by what they call "vacillating policy meditated by the general government," and if these apprehensions of the destruction of the bank shall be realised, it cannot be doubted but that the foreign capitalists, instead of making further investments in the stock of this commonwealth, will become more suspicious of the precarious nature of such investments, and will throw back upon us the many millions of the stocks of the Bank of the United States, and of the states of New York, Pennsylvania, Ohio and Louisiana, and selling them here at any sacrifice, materially interfere with all the future financial operations of Pennsylvania and the other states. It was doubtless with a full view of these considerations, that the Legislature of Pennsylvania, in two successive years, did, with extraordinary unanimity, urge upon the general government, the expediency of settling this embarrassing question by re-chartering the bank. All these considerations are still in greater force now, as the period approaches when these disastrous consequences draw near to us.

On the whole, the committee offer to the House, as the result of their examination, these deliberate opinions:

That the currency of Pennsylvania is now sound and abundant.

That to preserve it in that condition, it is expedient not to increase materially the present number of banks; and,

That the dissolution of the Bank of the United States would so seriously affect the banks, and all the financial operations of the commonwealth, that every effort ought to be used to avert so serious a calamity.

All which is respectfully submitted.

On motion of Mr. M'Culloh,  
Ordered, That 3000 copies of this report in the English language, and 1000 copies in the German language, be printed for distribution.

Extract from the journal of the House of Representatives,

FR. R. SHUNK, Clerk.



## APPENDIX.

### MESSAGES OF GOVERNOR SNYDER, UPON THE SUBJECT OF BANKS, SESSIONS 1812-13 and 1813-14.

*To the Senate and House of Representatives of the Commonwealth of Pennsylvania.*

Nothing less than the most perfect conviction of my understanding and the strongest urgings of duty, could induce me to return, for reconsideration, a bill presented to me by the Legislature of Pennsylvania, with whom it has been my happiness to act in unison, and with whom even to differ in opinion gives me pain. I have, with an anxiety proportioned to its importance, and with the deference justly due to the constituted authorities which have passed it, read and carefully examined the provisions, tendencies and probable consequences of the bill, entitled "An act to establish a general system of banking," and cannot approve of it; and have accordingly directed the Secretary of the Commonwealth to return it to the House of Representatives, where it originated, with the following objections:

*First.* Because corporations are privileged orders, vested with certain rights and immunities, not enjoyed, nor, without penalties to be exercised by the great body of the people. And whenever an association of individuals are legally vested with such peculiar powers and privileges, it ought to be either called for by the general voice of the people, or be so manifestly for the promotion of the public weal, and beyond the accomplishment of individual enterprise and ability, as to satisfy the judgment, and thus secure the votes of an indisputable majority of the whole Legislative Assembly. This objection is founded on that equality of rights which is the vital principle that pervades our constitution, gives all its excellence, and dispenses the blessings which pre-eminently distinguishes the citizens of the United States.

*Second.* Because every objection which can be urged against corporations generally, gathers weight and strength when directed against monied institutions; the undue influence of which, has often been the subject of well founded complaint. To wrestle with and put down this influence, new associations have been formed; applications for new charters for similar establishments have multiplied; and in proportion as they have been granted, has been the multiplication of new applications. These facts apply with peculiar force to the city of Philadelphia, where those institutions had their origin, in this country; but should the system be enlarged, as contemplated by the bill under consideration, they will overspread the whole state, and it is much to be feared, will taint the purity of elections, and eventually prostrate the equal rights of the people.



*Third.* Because it is questionable whether too much has not already been done in granting to corporations the privilege *to coin money*—a money which, not answering the purpose of foreign commerce, drains the country of its precious metals, and in their lieu substitutes a currency which is without any value, except what is stamped by public confidence. The granting such an inherent right of sovereignty to individuals, avowedly associated to promote their pecuniary interests, is putting it in their power to increase the circulating paper medium of the country to such an extent, as will result in depreciation of, or a total want of confidence in, bank paper: events too deplorable not to be deprecated by every good citizen.

*Fourth.* Because the most diligent inquiries, and information from the best sources, have satisfied me that the present banking capital of Pennsylvania is equal to the discounting all the good paper, which for many months has been offered, or will be offered during the continuance of the war in which we are engaged; and therefore the establishment of twenty-five new banks, dispersed all over the state, with a capital of 9,525,000 dollars, would by the readiness to give credit, invite to visionary speculations; divert men from useful pursuits; damp the ardor of industrious enterprise; and consequently demoralize the community.

*Fifth.* Because, as banks are multiplied, so will be increased the difficulty of distinguishing real from counterfeit bank notes; thus facilitating the means of imposition upon the ignorant and unwary, and, by the hope of impunity, tempting more to join in committing the crimes already too prevalent, of counterfeiting and passing counterfeit notes. At present the variety of designs and signatures to our bank notes are not so diversified, but what an attentive observer may, with tolerable certainty, discriminate between a genuine and a counterfeit note: but if twenty-five new institutions be privileged to issue paper money, each one electing its own device, mode of execution, kind of paper on which it shall be printed, and each having its own officers to sign and counter-sign them, how difficult, how almost impossible, will it be, for our citizens to know when a piece of paper purporting to be worth five, ten, or one hundred dollars, be in fact worth any of those sums, or not worth one cent.

*Sixth.* Because, although petitions have been presented asking the incorporation of banks in some counties in the state, yet upon inquiry I have not learned that any application for the establishment of a system, so novel and extensive, has been made to the legislature; nor has this want of expression of the public wishes in favor of such a system been made unequivocal by the votes of the Legislature. The bill was carried, as appears from the journals, by a majority of one in each House: in neither branch of the legislature had this bill a majority of the whole number of its members.



*Seventh.* Because the history of all nations that have authorised an extensive paper currency, and the experience of our own country, have furnished melancholy examples of the disastrous consequences which flow from such a system.

*Eighth.* Because a time of war is an unpropitious era to try experiments, particularly when those experiments may seriously affect the finances of the commonwealth, which now draws a revenue, more than equal to all its current expenses, from the bank stock which it owns in the banks already incorporated.

*Ninth.* Because, under all the circumstances, no material injury can result from an arrestation of the bill, until the next session of the Legislature; whereas, if it were now to pass into a law, it might produce evils not in the power of a subsequent Legislature to correct: because an act incorporating a company for the purpose of banking, partakes of the nature of a contract, against the impairing of which there is a constitutional prohibition; for a provision wisely introduced into several laws lately passed, vesting associated individuals with corporate powers and exclusive privileges, authorising a subsequent Legislature to repeal and annul such law, if the privileges thereby granted should at any time prove injurious to the community, happens, very unfortunately, not to have been introduced into this novel and important bill. At all events, if I am mistaken, misinformed, or in error, the representatives of the people, upon a review of the bill, can, if they think proper, give it effect, independently of executive sanction, by such a majority as would unequivocally express the public opinion, and designate it the law of the land.

SIMON SNYDER.

Harrisburg, March 19, 1813.

---

*To the Senate and House of Representatives of the Commonwealth of Pennsylvania.*

'The bill, entitled 'An act regulating banks,' was presented to me, for my approbation, on the 9th inst. I have given to its consideration all the faculties of my mind and the feelings of my heart; and I regret to say that my convictions of duty to the community will not permit me to approve of its passage into a law. In returning the bill, as I do, for re-consideration, I respectfully refer the Legislature to the objections transmitted, March 19th, 1813, against the bill, entitled 'An act to establish a general system of banking.' Those objections apply to the present bill with additional force, because it contemplates the establishment of a much greater number of money-coining institutions; thus spreading, further and wider, the baleful effects which I cannot but think inevitable from such an establishment.

In addition to the objections on the journals of last session,



will briefly remark, that although the system proposed then, and this session enlarged upon, has been a year before our fellow-citizens, yet have none of them requested that it should become the law of the state. And I cannot divest myself of the fear that if it should become a law, it would tend only to enrich the wealthy and the speculator; while it would, in various forms, heap burthens on the poor and the industrious. Permit me to hazard an opinion, that changes of law have a great effect in a popular government to weaken its force, by preventing or destroying habits. A steady operation gives force to laws, and the government acquires dignity and respect, in proportion to its uniformity of proceeding. This bill, I presume to say, will produce in society an unhappy effect. It legalizes the acts of illegal associations, and thus proves the weakness of the government; nay, it carries on its face a warrant for the infraction of the restrictive provisions therein contained, and in my opinion goes far to encourage the infraction of all laws.

It is a fact well ascertained, that immense sums of specie have been drawn from the banks in Pennsylvania and certain other states, to pay balances for British goods which eastern mercantile cupidity has smuggled into the United States. The demand for specie has in consequence been and still is so great, that the banks in Philadelphia, and in some other parts, have stopped discounting any new paper. I ask a patriotic Legislature, is this an auspicious era to try so vast an experiment? shall we increase this pressure? shall we indirectly aid our internal and external enemies to destroy our funds and embarrass the government, by the erecting of *forty-one* new banks, which must have recourse for specie to that already much exhausted source?

Is there at this time an intelligent man in Pennsylvania who believes that a bank note of any description is the representative of specie? Is there not great ground for fear, a knowledge that forty-one new banks, having a nominal capital of more than seventeen millions of dollars, upon the bare payment of one-fifth part, shall have the right (the inclination to do so cannot be doubted, under the predominant spirit of speculation) to throw into circulation an additional overwhelming flood of paper, and thus totally destroy the remaining confidence in that medium? and will not a hoarding of specie and a ruinous depreciation of bank notes, be the natural consequence of such a state of things?

On the ground of principle, generally, I may confidently say that industry is the only permanent source of wealth. It secures subsistence, and advances our interest by slow, yet sure and regular gains, and is the best preservative of morals. Not to speculation, which this bill seems to invite; it has the direct contrary effect: depending on no fixed principles, it opens a field for the exercise of ingenuity, ever on the alert to take advantage of the unwary in the accidental variation of things. The success of the speculator by profession, tempts the farmer and mechanic to forsake his accustomed honest pursuits. Launched on the wild sea



of speculation, ever exposed to deviations from rectitude, his moral principle becomes weakened, and eventually all sense of commutative justice is destroyed.

Thus impressed as to the probable consequences of the bill, if enacted into a law, I should betray the trust reposed in me by my fellow-citizens, if I were to approve its passage. To differ from the representatives of the people is painful to me, but to shrink from a responsibility which I consider myself in conscience bound to assume, would be criminal. I decline stating any objections which may have arisen out of the fluctuation of opinions amongst the members of the General Assembly, during the pendency of the bill under consideration, and refer to them only to show how the hopes and fears of the members themselves were raised and depressed, and their opinions altered, by circumstances which could not at all influence others.

The bill is returned for re-consideration, under the most perfect convictions that my duty to our common constituents, to the state and the union, requires me so to return it. Duly respecting the judgment and motives of the Legislature, and trusting to their liberality in viewing my conduct,

I remain their fellow citizen,

SIMON SNYDER.

Harrisburg, March 19, 1814.







